



**Director of
Central
Intelligence**

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Page Denied

Top Secret

25X1

Contents

Central America: *Electoral Fraud in Guatemala* 1

Finland-USSR: *Visit by Koivisto* 4

West Germany: *Impact of Municipal Elections* 5

Somalia: *Siad's Visit* 7

USSR-US: *Additional Grain Purchase* 8

Libya-Austria: *Qadhafi's Visit* 8

West Germany: *Wage Agreement* 9

Special Analysis

Israel: *The Political Landscape After Begin* 10

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25X1

25X1

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25X1

CENTRAL AMERICA: Electoral Fraud in Guatemala

Preliminary reports indicate that the Guatemalan Government committed fraud to assure ruling coalition candidate General Guevara a plurality in the presidential election that was held on Sunday. In Nicaragua, the Sandinistas--concerned about domestic criticism--have postponed legislative debate on a law dealing with political parties. Guerrilla attacks yesterday in El Salvador may be the beginning of a major insurgent offensive.

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//Independent reporting lends some credence to charges by Guevara's opponents that the balloting was rigged. Centrist candidate Maldonado publicly claimed yesterday that the government-owned telephone and telegraph company delayed electoral returns from departmental capitals and other towns to give the impression that Guevara had a lead in the close race.//

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Rightwing candidates Sandoval and Anzueto have accused the government of fraud, and Sandoval has threatened public demonstrations by his supporters.

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Terrorist actions by leftist guerrillas failed to disrupt the election, which attracted an estimated 1 million voters--over 40 percent of those registered and, by Guatemalan standards, a high turnout.

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Guevara's first-place finish virtually guarantees his selection as Guatemala's next president by the government-controlled legislature later this month.

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Comment: //The vote tampering by the government--prompted by fears that Guevara might finish third and thereby be eliminated from the runoff--ensures the continued international isolation of the regime. Venezuelan officials are privately upset, and various Western nations probably will condemn the elections as fraudulent.//

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Domestic violence may increase. Sandoval probably intends to negotiate for additional congressional seats and other concessions rather than seek a showdown with the government. Nonetheless, clashes between his armed

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supporters and the security forces remain a possibility. The guerrillas may step up their activities in an effort to discredit further the election. []

Unless they come to some accommodation with Guevara, the Christian Democrats--who backed Maldonado--are likely to become increasingly alienated from the regime. Some may associate themselves with the leftist exile group operating in Mexico City or even join the guerrillas. []

Nicaraguan Debate Postponed

The Sandinista-controlled Council of State--the country's legislative assembly--has postponed debate on a draft law on political parties for two months because of "national security" considerations. The Council, citing a recent report from Honduran leftists about an imminent invasion by Nicaraguan exiles, expressed concern that a debate with opposition parties could turn into a diversionary maneuver by sectors opposed to the revolution. []

Comment: The postponement of the debates reflects heightened Sandinista sensitivity to domestic critics, whom they view as directed from abroad and bent on toppling the regime. Although moderate opposition parties have charged that the law would institutionalize Sandinista control over their activities, they nevertheless planned to participate in the debates. []

Nicaraguan Airfield Improvements

Construction of a 640-meter runway extension at the Puerto Cabezas Airfield is almost complete, but there is no evidence of construction of the necessary support facilities for MIGs. A drainage problem that caused construction to be stopped for several months has been solved. []

Comment: The entire runway--2,490 meters long--probably will be operational by the end of March. The runway is long enough for jet fighters and within ferry

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range of Cuba. The airfield, however, lacks aircraft shelters, jet fuel storage facilities, and radars--items that probably would precede deployment of MIGs. [REDACTED]

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Insurgent Attacks in El Salvador

Guerrillas yesterday attacked two departmental capitals as well as military posts elsewhere in El Salvador. [REDACTED]

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Comment: These actions, which have been expected for several days, may be the beginning of the major insurgent offensive scheduled for this month. [REDACTED]

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FINLAND-USSR: Visit by Koivisto

Finnish President Koivisto's arrival in Moscow today for a three-day visit offers Soviet leaders a chance to solicit his views on bilateral relations, Nordic security, and European arms control.

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The sensitivity of Koivisto's predecessor, Urho Kekkonen, to Soviet security interests earned Moscow's trust. The Soviets have had limited dealings with Koivisto, however, and would have preferred other candidates in the recent presidential election.

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Comment: The Soviets may suspect that Koivisto seeks closer ties with the West and will be interested in probing his responsiveness to their security concerns. One issue likely to surface in Moscow will be the negotiation of an early extension of the Finnish-Soviet Friendship Treaty before it expires in 1990. Koivisto and several other Finnish political leaders believe that the USSR may be amenable to such an initiative, because it would remove one potential area of Soviet concern and demonstrate that all of Finland's major political parties support the foreign policy line developed under Kekkonen.

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In the past, the Soviets have hinted that the Finns may need their assistance to defend Finnish territory against overflights by NATO cruise missiles, and they may raise the possibility of expanded military cooperation in connection with renewing the Friendship Treaty. The Finns hope to avert such Soviet overtures by promoting initiatives that call for a Nordic Nuclear-Weapons-Free Zone.

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A proposed Nordic Nuclear-Weapons-Free Zone may provide some further stimulus to West European anti-nuclear sentiment. Koivisto's interest in this concept probably is based on Finnish fears that NATO weapons in Scandinavia could serve as a pretext for Soviet demands that could compromise Finland's neutrality. Soviet leaders also are likely to encourage the Finns to intensify their pressure for Western flexibility in CSCE negotiations.

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WEST GERMANY: Impact of Municipal Elections

//Chancellor Schmidt probably will use the Social Democratic Party's poor showing in the municipal elections on Sunday in Schleswig-Holstein to buttress his argument that voters are resisting a move to the left by the party.// []

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//The Social Democrats received only 34.6 percent statewide, about 6 percent less than their showing in 1978. The state party organization has long been one of the most leftist Social Democratic sections and increasingly has opposed Schmidt in recent years.// []

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//Fringe parties--especially the environmentalist "Green" party, which received 5 percent--dug heavily into traditional Social Democratic constituencies. The Christian Democratic Union, which governs Schleswig-Holstein, increased its support from 49.2 to 50.1 percent.// []

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Comment: //The Social Democratic Party's showing is embarrassing for Schmidt. Its totals, along with the low voter turnout, will be interpreted widely as indicating public disillusionment with the Bonn coalition. On the other hand, Schmidt and other moderates, however, will now be able to argue that the party invariably loses electoral support when it shifts leftward.// []

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//Schleswig-Holstein's Minister President Stoltenberg probably is disappointed by the Christian Democrats' marginal improvement. He hoped that a stronger showing, coupled with gains in the state election next year, would enhance his prospects for challenging Helmut Kohl's leadership of the national Christian Democratic Union.// []

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25X1

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25X1

SOMALIA: Siad's Visit

President Siad will attempt to obtain more aid and closer bilateral cooperation during his coming visit to Washington.

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//Mogadishu's economic and military problems have led to internal unrest, tribal feuding, and grumbling among military leaders. The chief external threat is posed by a 3,000-man, Ethiopian- and Libyan-backed insurgent movement that is attempting to overthrow Siad. The funds, weapons, and training received by the insurgents from Tripoli last year--worth an estimated \$10 million--enabled them to intensify activity in Somalia, but they remain too small and tribally isolated to replace Siad on their own.//

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//The Somalis have been disappointed by the limited military aid received from the West since they granted military access rights to Washington in 1980. Their armed forces have fallen into disarray since the collapse of the invasion of Ethiopia in 1977-78, and military leaders have been repeatedly humiliated by their inability to respond to sporadic Ethiopian and guerrilla raids and air attacks.//

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//Somalia lacks the funds needed to buy arms, and potential donors are reluctant to rearm the regime so long as it retains irredentist designs on the territory of all its neighbors. After leaving the US, Siad will seek similar support in Canada, the UK, France, West Germany, Italy, and Egypt.//

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Comment: //Increased tribal tension and military dissatisfaction are adding to Siad's political problems. He probably hopes that an infusion of Western aid will strengthen his standing and allow him to avoid economic reforms that would jeopardize his use of patronage.//

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//He is banking unrealistically on outside aid, however, and no aid program currently under consideration in the West would solve Somalia's problems.//

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USSR-US: Additional Grain Purchase

//The USSR reentered the US market during February to buy almost 2 million tons of grain for delivery by the end of May. Moscow relied on short-term notes to finance all of these grain purchases, worth \$250 million. The deputy director of the Soviet grain-buying agency states that future grain purchases will be made only on credit.//

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Comment: //Recent transactions raise the total of Soviet purchases and commitments to buy 42.7 million tons of the 45 million tons they probably will import by 30 June. Most of the remaining 2.3 million tons is likely to come from the US, where prices are low and credit is available. The increasingly severe Soviet hard currency shortage has forced Moscow to make more use of credit for purchases of grain from the US and elsewhere.//

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LIBYA-AUSTRIA: Qadhafi's Visit

//Libyan leader Qadhafi reportedly is to pay a four-day official visit to Austria beginning tomorrow. The visit has been anticipated for some time but was postponed to allow Austrian Chancellor Kreisky time to recover his health.//

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Comment: //Both leaders view the meeting primarily as an opportunity to further personal ambitions. Qadhafi probably will try to use the visit to achieve more political respectability in Western Europe. The likelihood that poor health will force Kreisky to step down in the near future may prompt him to renew his involvement in the Middle East peace process.//

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WEST GERMANY: Wage Agreement

//Three major regional branches of West Germany's metalworkers union, including about half of its 3.7 million members, have reached agreement with their employers for a 4.2-percent wage increase. The settlement approximates guidelines recommended by the Schmidt government.//

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Comment: //The contract, which will set the tone for other national wage negotiations, will mean a decline in real income if prices continue to rise at 6 percent as they have over the last year. The decline in real wages will restrain imports and help to improve the competitiveness of West German exports, which are likely to be the main source of economic growth this year. Such agreements could reverse the decline in business profits and encourage new investment, while helping to slow the rate of inflation and strengthening the deutsche mark. The favorable result of the negotiations also will support the argument of the Social Democrats that they provide a better guarantee for labor peace.//

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SPECIAL ANALYSIS

ISRAEL: The Political Landscape After Begin

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Prime Minister Begin's early departure because of "exhaustion" from a dinner last week for French President Mitterrand underscores Begin's fragile health. In the event of his death or permanent incapacitation, Defense Minister Sharon would have an early edge among the possible successors. Sharon could face stiff competition, however, from some of Begin's older proteges. If Begin's successor as the leader of Herut cannot reconstitute a majority coalition, the Labor Party would try to form a government.

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Succession Candidates and Likud's Stability

Sharon, 53, occupies the second most powerful cabinet post, and he has used it to involve himself in policymaking on all major external issues. His wide-ranging military experience and aggressive leadership style, moreover, appeal to the hawkish Sephardic Jewish community of North African and Middle Eastern origin. The Sephardics, the principal voter constituency of the ruling Likud coalition, constitutes nearly half of the electorate.

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[REDACTED]

If a leadership struggle between Sharon and his challengers jeopardized the stability of Likud, Foreign Minister Shamir, 67, or Economic Coordination Minister Meridor, 68, would be possible alternatives. Second Deputy Prime Minister and Housing Minister Levi would be another possibility because of his Sephardic background and popularity among Sephardic voters. In the event of a deadlock, Finance Minister Aridor, 47, and Ambassador to the US Arens, 56, would be leading dark horses. [REDACTED]

The desire to remain in power probably would be sufficient to hold the coalition of Likud and the religious parties together initially. No successor from within Likud, however, would be able in the short term to duplicate Begin's unique command of the fractious coalition. Any new leader would face serious internal problems that could lead to the collapse of the coalition, an early election, and ultimately a realignment of Israel's rightwing and religious parties. [REDACTED]

In addition, no successor would be likely in the near term to moderate significantly Begin's tough strategy toward the West Bank and other Arab-Israeli issues. Sharon would be inclined to take the kinds of swift, surprise moves characteristic of Begin. Shamir, Meridor, and Levi would favor less provocative tactics and increased efforts to strengthen Israel's flagging international image and support. [REDACTED]

Labor's Prospects

The Labor Party would face a difficult task to gain a workable majority in the Knesset that did not depend on the Rakah Communist Party for its survival. Labor Party leader Peres would have to persuade several small, moderate or left-of-center groups as well as the hawkish National Religious Party and at least one of two other major religious parties to join his cabinet. [REDACTED]

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Even if Peres succeeded, such a coalition would be pulled in many conflicting directions and would be in constant danger of early collapse. Labor, nevertheless, would try to promote new progress on the peace negotiation front by pushing its plan for West Bank - Gaza Strip territorial partition negotiations with Jordan.

If a Likud-led government continued in office after Begin, Labor would be forced to make major changes to broaden its appeal among Sephardic Jews. Some party leaders already are considering making popular President Navon, a Sephardic Jew, party chairman. Navon's term expires in May 1983, well before the next election that must be held no later than November 1985.

A number of Labor Party leaders, including former Prime Minister Rabin, favor joining Likud in a national unity government. Such a development is not likely, however, except in the event of a crisis severely impinging on Israel's security. If a unity government did come into being, Labor would try to moderate Likud's hardline stance on peace negotiation issues.

Relations With the US

Any new government would want to maintain close relations with the US. It would seek continued high levels of US economic and military assistance, expanded bilateral security cooperation, and US help in facilitating Israeli arms sales in the Third World and in restoring diplomatic ties with key black African states.

A Labor-led government probably would make a greater tactical effort to accommodate US positions on major negotiation issues in an attempt to improve bilateral relations, to restore closer ties with other key Western states, and to blunt the Arabs' political leverage. By offering to negotiate a West Bank - Gaza territorial compromise with Jordan, Labor leaders also would hope to enable Israel to open a dialogue with Saudi Arabia and other moderate Arab states.

Any new government would take a tough line on the Syrian and PLO presence in Lebanon, new conventional arms to Arab countries, and Arab nuclear programs. Labor, however, would raise the threshold on what constitutes a major security threat to the nation.

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